

certificates of title by the Native Land Court to the Native owners of the land on which such timber was growing. In other cases there were agreements made between the millowners and the Natives, which, although not strictly legal, were equitable arrangements, and were carried out in good faith by the persons interested.

Knowing the importance of the timber question, and the magnitude of the interests involved, I deemed it advisable, before agreeing to purchase land for the Government, to lay the whole circumstances of the case before Mr. Ormond. I spared no pains in obtaining information, in order to show in my report (*vide* report, 24th January, 1872) the actual state of each block as regarded the alienation or otherwise of the kauri timber within it. Had the Government objected to conserve the rights of the millowners and purchasers of timber, I would, for several reasons, have declined to act for them.

It is true that, under the Land Purchase Ordinance, sales of timber by Natives to Europeans were forbidden; but many saw-mills were erected, and forests purchased, before the repeal of that law. The Government of the colony were never in a position to strictly enforce its provisions, because the voices of the settlers and Natives were against it. I also reiterate the statement that several of the agreements for the sale of timber were made with the concurrence of the Government for the time being. It has been frequently said that when the Kapanga block at Coromandel was ceded to the Crown for gold mining purposes, Sir George Grey, then the Governor of the Colony, sanctioned the reservation by the Natives of the kauri timber on that block, because it had been previously sold by them to Messrs. Charles and Frederick Ring; and those gentlemen were permitted to retain certain water rights and other easements necessary for the proper working of their saw-mill; and when the miners injured the water rights held by Messrs. Ring on the Kapanga stream, they claimed damages from the Government, and Mr. Graham, the Superintendent of the Province, offered to give them £350 in satisfaction of their claim, which they refused to accept. I enclose copies of correspondence between the Messrs. Ring and myself on the question, and of Mr. Graham's proposal.

During the period Dr. Shortland was Native Secretary, Maoris frequently came to the Native Office about sales of kauri timber, and I recollect in the case of the purchase of the forests at Tairua, an officer of the department (who is now a Judge of the Native Land Court) drew out an agreement between the seller and purchaser.

On one occasion, I, when Civil Commissioner for the Thames District, was instructed to arrange a dispute which arose between two parties of Natives and two parties of Europeans respecting the sale of kauri timber at Whangapoua, but I had nothing to do with the signing of any agreement respecting it. This culminated in the well-known Craig, Macfarlane, Harris, and Mohi Mangakahia law-suits. I believe there are similar cases elsewhere, and to these I referred in my report. In order to preserve the peace of the country, the Native Department were frequently compelled, although with considerable reluctance, to take part in these transactions.

I am at a loss to understand the meaning of a portion of the following extract from Sir George Grey's letter:—"What I would propose is this: That whenever the Provincial Government takes over from the General Government a block of land purchased from the Natives, it should take it over subject to all agreements and leases with which it may be encumbered. In this case it would, of course, only be bound to respect those agreements and leases which were really legal and valid, and which had not been *similarly* made to appear to be so, whilst those agreements or leases which were not legal or valid could in no way bind the Provincial Government; but I would suggest that every such case should be referred to the Legislature, or to the Committee which represents that body, or to some Court, that it should be fairly and openly heard, and the amount of compensation to which the holder of it might be entitled, if any, should be ascertained and be liquidated by a money compensation voted by the General Legislature."

It is very desirable that Sir George Grey should state whether he accuses the Land Purchase Agents of the Government, or the purchasers of timber, of making counterfeit leases or agreements to legalize such purchases, in order that the persons referred to may be in a position to request him to verify his assertions.

In my opinion the Government, whether General or Provincial, are bound by the terms of the deeds of conveyance from the Native to the Crown; and if, on the face of such instruments, it is shown that prior rights have been either lawfully or equitably acquired by others, and there is sufficient evidence thereof, then such agreements or leases should be respected. I would respectfully beg to point out that the timber trade is one of vital importance to the Province of Auckland and the whole colony. The suggestion made to deprive some of the millowners or proprietors of timber of their rights, because of legal technicalities, and taking from them the means of working their saw-mills, which have been established by the expenditure of large capital, is one which appears to me of a suicidal nature.

Sir George Grey could not have considered the question in all its bearings, when he proposed to award compensation to the parties thus deprived of their rights. The question raised is one which affects the owners of timber throughout the whole Province of Auckland. These men have, in a majority of cases, been in quiet possession of their timber for a number of years; they are engaged in a productive industry, with profit to themselves and the country; and why should they be disturbed, and their numerous bodies of workmen be thrown out of employment? The compensation required within the Province of Auckland would probably amount to £1,000,000